

## **BILL ANALYSIS**

S.B. 1125  
By: Carona  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current law provides for the purchase of liability insurance coverage by purchasing groups for the benefit of the group's members who are exposed to similar liability through common trade practices or business operations. Some purchasing groups also purchase additional insurance coverage for other risks that are related to but not necessarily covered by the liability insurance policy, which may reduce the amount of exposure for claims arising under the policy. S.B. 1125 seeks to clarify the permissibility of this practice for purchasing groups that benefit employees of a political subdivision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 1125 amends the Insurance Code to authorize an insurance purchasing group composed primarily of employees of a political subdivision, including a county, municipality, or school district, to purchase first-party indemnity coverage, in addition to group liability insurance that each purchasing group is required to purchase to cover certain liability exposure, on a group basis for other risks to which members may be exposed, provided that the aggregate coverage limit per group member for the risk does not exceed three percent of the per member coverage limit for liability coverage. The bill requires a purchasing group to notify the commissioner of insurance of the group's intent to purchase such coverage not later than the 60th day before the date the policy that includes the coverage is initially issued. The bill exempts from the notification requirement a purchasing group that was providing to its members coverage described by the bill's provisions on January 1, 2013, and has continued to provide that coverage without lapse.

### **EFFECTIVE DATE**

September 1, 2013.